



Department of Veteran Affairs

Loan Guaranty Service

SAR Newsletter

5th Edition
November 2011

Welcome to the Fifth Edition of the
LAPP SAR Newsletter.

What's New?

Uniform Appraisal Dataset (UAD)

Circular 26-11-14, Uniform Appraisal Dataset (UAD)

Effective September 1, 2011, VA Fee Appraisers may, as an option, use UAD compliant version of the Fannie Mae Appraisal forms. Effective January 1, 2012 VA reports utilizing the following Fannie Mae Forms **must be UAD compliant**:

- Uniform Residential Appraisal Report –1004/70
- Individual Condominium Unit appraisal Report – 1073/465
- Exterior-Only Inspection Individual Condominium Appraisal Report – 1075
- Exterior-Only Inspection Residential Appraisal Report – 2055/2055

Transition from TAS to WebLGY

Effective immediately, Staff Appraisal Reviewers (SARs) will no longer use The Appraisal System (TAS). SARs will access WebLGY to retrieve and review appraisal reports and issue Notice of Values (NOVs). In WebLGY, lenders will have the ability to upload the purchase contract, check the status of the appraisal, and other VA Loan related issues. The WebLGY program can be accessed on the Veterans Information Portal (VIP):

<https://vip.vba.va.gov/portal/VBAH/Home>.

For information regarding the reactivation of suspended VIP user accounts, please go to the VA Home Loans website under Lenders and Real Estate Professionals:

<http://www.benefits.va.gov/homeloans/>

Veterans Information Portal (VIP)

All issues related to accessing the VIP portal including password reset should be relayed to the VIP Help Desk:

vip.vbaco@va.gov.

TRAINING

At this time, there are no scheduled VA SAR LAPP training sessions before the end of calendar year 2011.

Please continue to monitor our SAR Website:

<http://www.benefits.va.gov/homeloans/sar.asp>

“We are SAR Support!”



SAR Support is here to help you with all of your SAR LAPP/SAPP needs. Please contact us with your inquiries at SARSUPPORT.vbaco@va.gov.

Most Common Errors

We compiled a short list of the most common errors, omissions, and deficiencies found during VA staff audit reviews of SARs.

1. Notice of Value issued by SAR exceeded established VA timeliness standards (within 5 business-days of appraisal upload in WebLGY). SAR did not provide adequate explanation or justification for delay in issuing NOV in WebLGY processing notes.
2. Sales Comparison Approach analysis (market grid) had significant adjustment errors, omissions or inconsistencies. SAR did not contact the appraiser to have them correct or address comparable adjustment issues.
3. Appraisal report or FNMA Form 1004MC (Market Conditions Addendum) had missing or conflicting market, trending, sales, or listings data or information.
4. NOV Item #2 Wood Destroying Insect Information was not appropriately checked or it was incorrectly required.
5. For purchase or sales transactions, a copy of purchase agreement or sales contract was not uploaded with appraisal report in WebLGY and appraiser did not explain its absence. SAR should have contacted appraiser to address missing exhibit/comment.
6. There were missing or incorrect photographs of the subject property or comparable sales.

Note: Whenever there is an error or omission on the appraisal report, it is a good rule of thumb to contact the appraiser and discuss the item(s).

The Importance of Deficiency Letters

Background

Construction and Valuation (C&V) staff appraisers at each VA Regional Loan Center (RLC) are charged with conducting a minimum of 20% desk reviews on all LAPP Notices of Value (NOVs) issued within the jurisdiction of their RLC. Additionally, RLC C&V staff appraisers conduct a minimum of 10% field reviews of the total number of VA appraisals completed by each VA fee appraiser within their jurisdiction.

Current Procedures

When conducting desk reviews or field reviews, if the RLC staff appraiser finds significant errors, omissions, or discrepancies in the VA appraisal or on the Notice of Value, they send a SAR deficiency letter or e-mail to the SAR, company Senior Officer or SAR/Underwriter manager.

Purpose

The main purpose of the SAR deficiency letter is to advise the SAR of noted errors, omissions, or discrepancies that were overlooked or unaddressed by the SAR when reviewing the appraisal or issuing the NOV.

Most SAR deficiency letters are informational only and do not require a reply or response from the SAR. In most cases, the SAR is only required to read the SAR deficiency letter and take the necessary steps to ensure the cited deficiencies are not repeated in the future.

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(Deficiency Letters-Continued)

Reply Required

If the SAR committed substantial errors or omissions, the RLC may require a response back from the SAR. In those cases, the SAR is expected to provide a written reply to the RLC as instructed.

The Important Thing for SARs to Remember

SAR deficiency letters should generally be treated as training or instructional tools for improving the quality of the SARs' future VA appraisal reviews and NOVs.

Questions on SAR deficiency letter

If there are questions on a specific SAR deficiency letter, the SAR should contact the RLC C&V staff/individual who sent the SAR deficiency letter or e-mail to them.

Suspension or Removal

Deficiency letters may serve as the basis for disciplinary action(s) ranging from temporary suspension pending additional training to removal of a SAR's LAPP review authority.

What to Look for When Reviewing Appraisals

When reviewing an appraisal it is important to make sure it is complete, clear and meets USPAP Standards. The reviewer must determine if the appraiser's conclusions are consistent, accurate, sound and supported. The reviewer should confirm the photographs accurately reflect the appraisers description of the subject and comparable sales.

The subject and comparable sales should be similar in design and appeal, lot size, and amenities. The reviewer should read the appraiser's comments regarding the neighborhood and market trends. When reviewing the sales comparison grid, the reviewer should ensure the adjustments are reasonable and consistent. The appraiser

should provide proper explanation for time adjustments or unusual adjustments.

The reviewer should make sure the appraiser includes the Market Conditions Addendum (1004MC) and make sure the addendum is fully completed.

Resolving Appraisal Issues

LAPP lenders are expected to take reasonable steps to resolve issues or concerns during their appraisal reviews.

The Staff Appraisal Reviewer (SAR) should note any concerns about the appraisal report and timeliness in WebLGY notes. Remember always document all actions in WebLGY.

Only the lender's VA-authorized SAR may contact the appraiser to discuss valuation matters.

VA fee appraisers are expected to cooperate in addressing any questions or clarifications.

If a SAR is constantly having problems with a particular appraiser, he or she should contact the RLC of jurisdiction. When contacting the RLC, SARs should remember to identify themselves as a SAR. Trust me, it will make the process go a lot smoother. If you are sending an e-mail, also identify yourself as a SAR and include your SAR ID.

